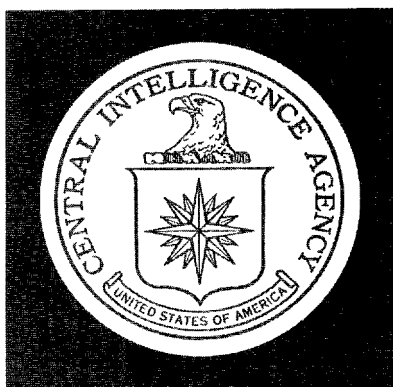


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[Vietnam:

North Vietnam: The North Vietnamese have laid out their full set of conditions for initial progress in the Paris talks.

On 12 May, Hanoi broadcast an authoritative editorial spelling out demands for an end to the bombing and "all other acts of war." It cleared up any earlier ambiguities about "acts of war" and listed the Communists' maximum demands, including cessation of all reconnaissance flights. The editorial did not specifically rule out some reciprocal Communist military move, but it argued that the US has "no right whatsoever to set any conditions" for the bombing halt.

Although its tone is predictably tough and uncompromising, the editorial concludes with a lame warning that if the bombing is not stopped as specified, the US will be responsible for "difficulties" during the talks. There is no threat to end the talks or to inflict "punishment" if these demands are not met.

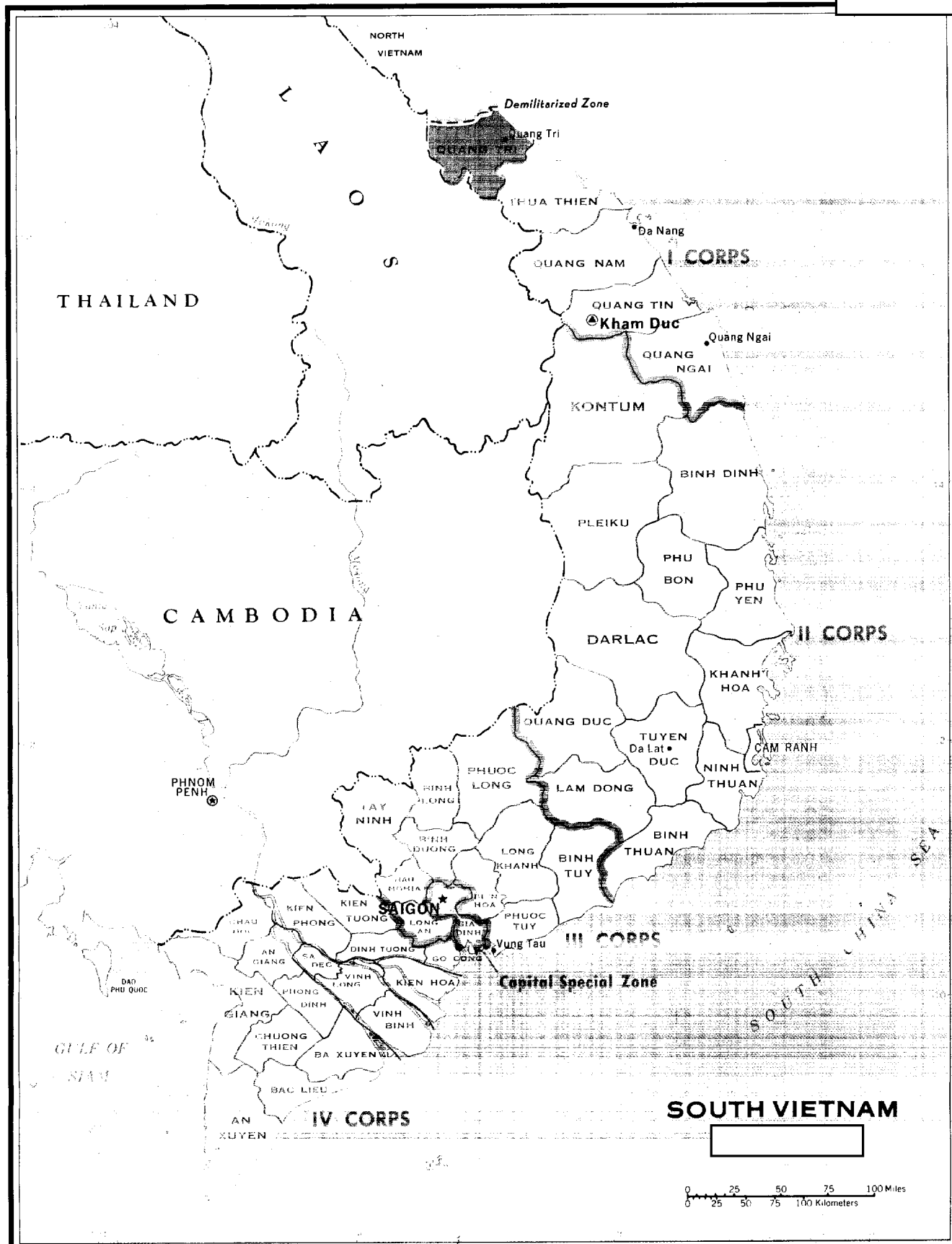
North Vietnamese statements have taken pains to label the discussions opening today as "formal talks," but with careful notation that they are strictly bilateral. Hanoi clearly anticipates other parties being drawn in later, however, and has moved early to put forward the new Communist front organization in South Vietnam as a candidate for a seat at the table. In response to a question about who would represent South Vietnam at the Paris talks, a North Vietnamese spokesman said that the Liberation Front and the new Alliance would speak for the South.

South Vietnam: In South Vietnam elements of the North Vietnamese Army 2nd Division launched a large-scale assault and overran an allied Special]

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[Forces complex in western Quang Tin Province over the weekend. Allied losses appear to have been heavy. The attackers, believed to have recently been resupplied and reinforced near the Laotian border, are probably returning to their usual operational areas in Quang Nam Province.

Ground fighting in northern Quang Tri Province continued to ease over the weekend and only small-scale probes of allied positions were reported around Hue and Da Nang.

Increased enemy activity in II Corps persists, however. Scattered company- to battalion-size engagements have occurred in the coastal provinces.

The situation in Saigon proper was relatively quiet over the weekend, except for assaults on three key bridges. Clashes with enemy forces continue to occur on the outskirts of the capital, even as some Communist elements seem to be withdrawing. The threat to the city, however, has not subsided. [REDACTED] (Map)]

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France: The call for a general strike today has added a more serious political dimension to the student riots in Paris.

Major concessions by the government, including reopening of the Sorbonne, promises of "educational renovation" and consideration of amnesties for those arrested, failed to placate the labor unions. The strike, called by the Communist-led General Confederation of Labor and the Catholic-oriented French Confederation of Democratic Labor and supported by other unions, is the first in a long time over an essentially political issue. Given the emotional student issue and general labor discontent, it will probably be widely supported. In the past, such walkouts shut down most public services but caused few serious problems. Demonstrations planned along with the strike could erupt into violence, although the concessions may have reduced the tension.

The major opposition groups, the Federation of the Left and the French Communist Party, earlier had planned to introduce a censure motion against the government's economic and social policies today, the 10th anniversary of De Gaulle's return to power. The student issue undoubtedly will be incorporated in the motion and will add fuel to opposition charges. Despite the usually harsh criticism leveled at the government by the Gaullist-oriented Independent Republicans, they probably will not support the censure motion.

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Indonesia: President Suharto faces growing political dissatisfaction over his economic policy and may partially accommodate his critics.

Criticism focuses on rising prices and comes from the two major Moslem political parties and the various action commands, including students and labor. Censure by the action commands largely reflects dissatisfaction with difficult living conditions. The Moslem parties are exploiting economic issues in an effort to gain greater participation in the government.

Parliament started hearings on price increases on 9 May, and the various political groups begin giving their statements today. The secondary students' action command has been conducting classroom sitdown strikes to protest living costs and has scheduled demonstrations for 14 May. The university students' action command is considering strikes in the Djakarta area.

The latest round of criticism began several weeks ago when the Suharto administration raised rates on petroleum and public utilities in order to reduce government subsidies. Apparently in reaction to these increases other prices have moved upward. An unseasonable rise in rice prices, which had been dropping following the April harvest, has been particularly troublesome.

As a result of political pressure, the government has postponed some anti-inflationary measures scheduled for this year. As Suharto considers the composition of a new cabinet, which is to be formed by 5 July, he probably will find it necessary to offer some of his critics government posts.

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Burma: The government has reportedly placed an indefinite moratorium on all rice exports, which normally account for 60-70 percent of Burma's foreign exchange earnings.

The Burmese have told India, Ceylon, and Indonesia to hold off six rice ships that previously had been cleared for docking and loading. It is not known how long the moratorium will last, but it is not likely to be lifted before the Burmese Government has assessed the level of its rice procurement.

Even if the moratorium is ended soon, rice exports in 1968 could be under 200,000 tons. Last year Burma, once the world's leading rice exporter, exported slightly less than 500,000 tons, the lowest level since World War II.

Despite a significant increase in production, the government's rice procurement is running far below last year's poor performance. The government has a monopoly on the rice trade but does not offer a realistic price. Peasants tend to sell their rice to illegal outlets or hoard it in the hope they can force an increase in government prices along with a relaxation of restrictions on private trade. There is no indication, however, that the government intends to alter its rice policies.



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Guatemala: Extensive shifts in army personnel have led to plotting against the government.

Since President Mendez' abrupt dismissal of his minister of defense and other key military figures on 28 March, additional changes have also removed their friends and followers from most important command posts. Morale is low throughout the military, and young officers in particular fear that the personnel shifts signify a letup in the campaign against Communist insurgency.

Unidentified military plotters reportedly are seeking, thus far unsuccessfully, a political base for a coup.



Although this particular plan appears vague and has little hope of success, it is a reflection of the confusion and unhappiness within the military which could breed more widespread plotting. With the most influential officers removed from command positions and in political exile, discipline and control over restive elements have been greatly diminished.



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NOTE

Dominican Republic: The left-of-center Dominican Revolutionary Party and the Marxist-Leninist Dominican Popular Movement are reportedly cooperating on plans to employ violence to disrupt the municipal elections to be held on 16 May. If the leftists go through with their plans, terrorism would probably be concentrated in Santo Domingo and could keep some voters from the polls. The security forces, however, seem capable of preventing any serious disruption of the balloting. [REDACTED]

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Panama: An atmosphere of uneasy calm prevailed yesterday as Panamanian voters turned out in large numbers to elect a president, two vice presidents, and all 42 deputies in the unicameral legislature. Government and opposition media both are claiming victory for their candidates, but no official returns are expected until later today. Supporters of opposition National Union (NU) leader Arnulfo Arias have already charged the government with widespread fraud and harassment including arrest of NU members of local voting boards and National Guard intimidation of opposition voters. Scattered incidents have been reported in various parts of the country. Inflammatory broadcasts from NU radio stations can be expected to increase if the government carries through with its plans to declare David Samudio president regardless of the balloting.

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